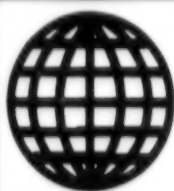


JPRS-SEA-93-016  
22 November 1993



**FOREIGN  
BROADCAST  
INFORMATION  
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# ***JPRS Report***

## **East Asia**

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***Southeast Asia***

# East Asia Southeast Asia

JPRS-SEA-93-016

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22 November 1993

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### **General on Ex-SOC Renegades, Army Integration**

94SE0008B Phom Penh REAKSMEY KAMPUCHEA  
in *Cambodian* 2 Sep 93 pp 1,2

[Text] Lt. Gen. Keo Samuon, Commander of the Cambodian National Gendarmerie (CNG) denied that "the suspects are in the CNG."

The Phnom Penh criminal police reported that three suspects: (1) Chan Vanna, (2) Yan Saren, and (3) Et Sokhphay were arrested for armed robbery in the Kau Day Section, Tumnap Tuk Quarter, Chamkar Mon District on the afternoon of 27 August 1993 wearing camouflage uniforms with red berets.

Lt. Gen. Keo Samuon said that there are 104 men nearly all of whom are former State of Cambodia (SOC) soldiers in the CNG who have just completed training. As for the other personnel, they have not yet been officially recognized by the General Staff of the Cambodian National Army. So people like these can take advantage of the occasion for many reasons, but he thinks that one of their goals is to tarnish the reputation of the CNG.

The general made it clear that these persons were not in the first training class with UNTAC, which lasted for 18 days from 9 to 26 August 1993. Especially since the uniforms are only temporary and after the training is over the equipment (including the uniforms) is reclaimed.

The list of names of the CNG—members of the gendarmerie in group number 1—which Lt. Gen. Keo Samuon brought has verified that. But in answer to the accusation, he stated that the training of group number 2 with 120 people which is a mixed force from every faction had begun on 31 August 1993, and he denied that the names of these suspects were in this second group.

In answer to the worries of the Cambodian people who say that the present lawless situation is the same as before and who read the news that there is a connection with the National Gendarmerie, Lt. Gen. Keo Samuon said, "I will reinvestigate the backgrounds of the gendarmerie personnel carefully because, in the future, the duty of the gendarmerie will be to maintain social order and protect the security of the people of our country."

"We will try, but our attempt is fraught with many difficulties because the society has changed and this causes us not to understand everyone completely. Furthermore, the gendarmerie has been created with the participation of all the former factional armed forces."

The general made it clear that in the highest levels of responsibility they will try to research and investigate the background of each member of the National Gendarmerie. "When we investigate and find out that any member who is unqualified is serving in the gendarmerie or [any member] is involved in terrorism or robbery of any kind whatsoever, we will not accept him and will dismiss him from the National Gendarmerie at once."

"As for members of the gendarmerie who commit violations of discipline or law, they must be punished according to the crime." General Samuon said that if any member of the gendarmerie did anything illegal or counter to discipline, (1) that person would have to be punished according to the law like anyone else who commits a crime, and (2) according to the duty of the national Gendarmerie that person who breaks the law involving the lives and property of the citizens or the property of the state and anything which those people have done illegally. "We will request that the legal authorities consider crimes in addition to the ones for which those people are already responsible."

### **'Control Problems' Over Vietnamese in Province**

94SE0008A Phom Penh REAKSMEY KAMPUCHEA  
in *Cambodian* 3 Sep 93 pp 1, 2

[Text] Kompong Chhnang has many safe havens where the Vietnamese have found refuge and can earn a living.

The occupation which is easiest to make a living and which the majority [of the Vietnamese] prefer is fishing along the shores of the Tonle Sap. Recently, in spite of pressure and intimidation from the Khmer Rouge, there are still a number struggling and risking their lives in this territory because fishing is their livelihood. According to incomplete figures from the Provincial Police Office, there are nearly 400 Vietnamese families in the province and they still keep coming in spite of reports that the border has been closed. In Kompong Chhnang Province it is very difficult to control this group of colonists. A majority of them live on the water all year long. It is their way of life never to pay any taxes. It has been noted that whenever the fishing season arrives the number of Vietnamese colonists increases, but when the season is over or this occupation is not successful, their numbers diminish, and they wander about aimlessly. In the struggle to make a living at fishing they reap a very high economic reward and make quick profits. Mr. Keo Thay, Chief of the Water Products [Department] for the province tells us that a majority of these Vietnamese use prohibited gear to illegally catch young fish and that there are armed people, Cambodians, who protect the Vietnamese who are committing these violations. These armed people are selling out the natural resources or destroying the nation without realizing it. They catch young fish by the millions every day and send them away to their own country and we don't realize what's going on. Foreigners only protect their own ethnic interests and allow those of others to be destroyed. When will these armed people wake up and stop protecting the Vietnamese who are catching fish like this?

Aside from fishing by the Vietnamese colonists, there is another matter, that of making a living on land where a most important occupation for them is prostitution in the markets and urban areas. This official assures us further that, shamefully, it is a very big business in Tuol Kok. According to careful investigations it is likely that the provincial authorities are unable to monitor this

group closely and allow them to make an illegal living as they wish. The provincial civic action office pretends not to know about this problem and these people have even opened numerous houses of prostitution near the provincial headquarters. This provincial headquarters says that it is waiting for orders from higher authorities. At the present, investigations show that everywhere along the roads in the provincial capital there are houses where prostitutes unashamedly ply their trade.

Mr. Sorin, the provincial governor, has made it clear that the province is unable to control the Vietnamese colonists in Kompong Chhnang. One way that [this problem] could be solved would be to have laws or instructions from higher authorities authorizing [stricter controls], then it could be done. From some Vietnamese in the Chnok Trou Region we have learned that in spite of the Khmer Rouge attacking them, they cannot return to their homeland. They are willing to die here. Wouldn't it be better to be alive, even in misery, in their own homeland?

#### Further on Charges of Thai Support to Khmer Rouge

94SE0022B Bangkok *BANGKOK POST* in English  
13 Oct 93 p 8

[Text][Excerpts]A Cambodia general said yesterday the Thai military had supplied Khmer Rouge guerrillas besieged at their northern headquarters with three tanks and 40 anti-aircraft guns.

"On 4 October, there was a secret meeting among the Thai military and on 5 October, three tanks were sent from Thai territory to Anlung Veng," Major-General Keo Phisit, deputy commander of Cambodia's Fourth Military Region said.

The general said he had just returned from directing operations on the Anlung Veng front and the information was acquired through "secret Cambodian military intelligence."

"These tanks were driven by Thai military in uniforms on 5 October," he said in an interview, correcting an earlier claim by a subordinate that the tanks were delivered on 10 October.

"I have received information that 40 sets of 37mm anti-aircraft guns have been transferred from Thailand to Anlung Veng," the general added.

"We have never seen these weapons in the Khmer Rouge zone. They were brand-new and Chinese-made."

[passage omitted]-Other Cambodian military commanders and a foreign relief official in Siem Reap said earlier a Khmer Rouge attack on the northern town of O-Smach and surrounding villages on Sunday was launched from Thailand.

"We still worry about another attack on O-Smach because it was started from Thai territory. I don't know

why the Thai government allows the Khmer Rouge to still be based in their territory," the general said.

The general said the capture of Anlung Veng would be more difficult if Thailand continued to offer sanctuary to the guerrillas. He said between 800 and 1,000 fighters were defending the base, supported by villagers drafted as militia.

Because of the current rainy season, the general said tanks were of little use and the government could bring superior firepower to bear on the defenders.

No decision had yet been made to launch an all-out assault on Anlung Veng.

Other Cambodian officers have said over the past two days that the army would await the outcome of talks with the Khmer Rouge next month before trying to capture the base.

[passage omitted]

#### Spokesman: Don't Criticize Sihanouk

94SE0022A Bangkok *THE NATION* in English  
7 Oct 93 p A5

[Text] The Cambodian government spokesman, pointing out that the press often characterizes the newly-throned King Norodom Sihanouk as "mercurial", told the press yesterday not to criticize him any more.

"You can criticize ministers for corruption; you can criticize vice ministers, but I would like to inform you that it would be against our custom to criticize him," Deputy Information Minister Ek Sereyath said at a weekly press briefing.

Article 7 of the newly-passed Constitution calls the king "inviolable", but as yet no lese majesté laws have been drafted to deal with violators, he said.

"I think taking into account the prestige of...the king, and also the fact that he is the father of the Khmer nation and he has done so much for Cambodia and he is venerated by the people, there should be a common understanding not to touch this person," he said.

"For the time being there is not a press law yet in Cambodia," he responded. "That's why I ask for some kind of code of morals, of understanding, for his majesty the king."

The spokesman said that the adjectives "changing" or "mercurial" for King Sihanouk, who has been known to regularly shift gears on important policy issues, are particularly inappropriate.

"All of his actions are for the well-being of Cambodia and for the independence and sovereignty of Cambodia," Ek Sereyath said. "He is forced to change to adjust himself to the new situations."

## ECONOMIC

### Investigation of Banks on Nonperforming Loans

94SE0016B Jakarta BISNIS INDONESIA in Indonesian  
30 Sep 93 p 1

[Text] At least 60 banks are reportedly being examined intensively by a special Bank Indonesia team because they are believed to be facing bad debts. Meanwhile, legal practitioners believe a special jurisprudence is needed to resolve the problem.

According to BISNIS sources contacted in Jakarta yesterday, the examination of banks by a special team formed by the Central Bank began in mid-September.

"The examinations are unannounced and represent a continuation of the Package of May 1993, under which banks were given flexibility in fulfilling capital sufficiency in accordance with requirements of the Bank for International Settlements," said the source, who did not wish to be identified.

He explained that after Bank Indonesia provided flexibility and an adequate deadline, any of them (banks) who did not fulfill those requirements would be subject to unannounced examinations. "Thus, they cannot simply be content that Bank Indonesia had provided facilities," he said.

The types of examinations conducted by the special team include an overall examination (general audit), maximum limits on granting credit (BMPK-3L), capital adequacy ratio (CAR), loan-to-deposit ratio (LDR), and capital structure.

Two government banks (stock companies) are among the 60 banks being examined intensively. Two others are BPR's (people's credit banks), and the rest are national private general banks, both foreign exchange and non-foreign exchange. The two BPR's are threatened with having their business licenses rescinded if their financial structures cannot be remedied. Because of bank secrecy, the source did not mention the names of the banks involved.

Commenting on the special Bank Indonesia team for monitoring problem loans at banks, I Nyoman Moena, former general chairman of PERBANAS [Association of Private National Banks], said the unannounced examinations are a very positive thing for the sake of ensuring that national banks are always in good condition.

"Examinations of banks are very good, so that banks will not only make good reports and look good at examination time, but will always be able to survive," he said when contacted separately last night.

He said unannounced examinations are preventive steps, so that if a bank appears unhealthy it can be helped before it collapses.

Another purpose of intensive unannounced examinations is to restore public confidence in national banks, seeing that most people suffered trauma from the Bank Summa tragedy some time ago.

Moena said that such unannounced examinations, besides the routine examinations that are made once a year, are very important to the Central Bank.

Thus, on-the-spot examinations teach banks to be healthy at all times and eliminate the impression that Bank Indonesia is not able to operate an "early warning" system.

"The Central Bank, which functions as a manager, should not conduct routine examinations only, but should continuously examine and make input so that banks, as institutions trusted by the public, can be expected to capably manage funds in a professional way," Moena declared.

Nevertheless, said Moena, banks should not merely look on one negative aspect, as though the purpose of unannounced examinations is to scare financial institutions. They should view the examinations as positive actions taken so that the banks involved will always be healthy and their financial condition guarded well.

### Special Jurisprudence

Meanwhile, legal practitioner Erman Rajagukguk stressed the need for the formation of a special jurisprudence to handle the bad debts that are now hitting national banks.

"To resolve the problem of bad debts in banks, a special jurisprudence is needed at the state bank, high court, and supreme court levels," the FHUI [Law Faculty of the University of Indonesia] lecturer said in a workshop entitled "Preventing and Resolving Bad Debt," which was held in Jakarta on Thursday [30 September] by the P3M STIE [expansion not given] of PERBANAS.

Erman cited the results of a survey made by the Center for Legal Study, which showed that in 1992 60 percent of banks resolved bad debts by negotiation, 10 percent went to arbitration, 10 percent went to court, and the rest used their own methods, including employing the services of a "strong-arm" man.

For BUMN [state-owned enterprise] banks, collecting via public prosecutors is possible, but for private banks it is a question mark, since the debtor-creditor relationship does not involve state money.

"In any case, action via the courts is an appropriate last resort," Erman said.

He noted that the principle of cautious banking must be understood in a broad sense, meaning that the principle does not relate only to technical banking issues, but also to possible risks of loss to a bank because of environmental pollution by debtors.



Erman cited cases of charges before the courts resulting from accusations of environmental pollution by Mobil Oil in Aceh, PT Sari Murni (cooking oil) in Surabaya, PT Sarana Surya Sakti (metals) in Surabaya, PT Banyumas Washing Center (textiles) in Bandung, and PT Inti Indorayon Utama (pulp and paper) in North Sumatra.

Another speaker, Citibank Vice President Mangiring L. Toroean, said that a bad debt ("problem loan") probably arises in the initiation process, the approval process, or credit supervision process.

### Writer Criticizes Cloves Board, Calls for Audit

94SE0016A Jakarta *BISNIS INDONESIA* in Indonesian  
29 Sep 93 pp 1, 16

[Article by Sjahrir: "Role of the BPPC and Transparency of the Economic System"]

[Text] Jakarta—Minister of Cooperatives and Management of Small Business Subianto Tjakraerdaya was right when he said that BPPC [Cloves Support and Marketing Board] problems are serious ones with many political dimensions.

It is not certain, however, that the minister of cooperatives is right in saying that BPPC problems can be resolved because of Gudang Garam's purchase of 80,000 tons (according to the *KOMPAS* daily newspaper) or 73,000 tons (according to the *TEMPO* weekly magazine) of cloves by means of giro checks over a period of 22 months. What actually happened is a shift of the question from Bank Indonesia to state-owned banks.

What I mean is, if it is true that the BPPC issued promissory notes that are to be paid by a consortium of government banks under BBD [Bank Bumi Daya], the liquidity credit debt at Bank Indonesia becomes payable.

However, the entire process of the cloves purchase by Gudang Garam and the BPPC's sale of promissory notes to the bank consortium is surrounded by uncertainty that is rooted in the absence of transparency in the business processes that transpired.

We know that the BPPC's arrears on Bank Indonesia liquidity credit was 758 billion rupiah. We also know that before the BPPC obtained liquidity credit facilities, and even before the BPPC itself was formed, the BPPC founders had also obtained credit from state banks, particularly BBD and the Indonesian People's Bank (BRI).

We also know that the BPPC had a monopolistic right to buying cloves, although that right was divided with cooperatives during the past year. We also know that cloves buyers, particularly cigarette factories, could buy their cloves only from the BPPC and that they were not authorized to obtain tobacco tax tapes if they could not prove with invoices that they bought their cloves through the BPPC.

Until now, officials have said that they all enthusiastically support the existence of the BPPC. The minister of trade said in a statement to a working meeting with DPR [Parliament] Commission VII that the BPPC system and concept are right.

He said that the current difficulty is excess cloves supplies from farmers, thus causing the problem of stocks that keep piling up for years. What the minister of trade did not clearly explain was that the overflowing cloves stocks were the result, not of tactics by cloves buyers, namely the cigarette factories, but of government rulings via the BPPC that prices would be set high and that they would be paid for all stocks produced.

When, later, production rose very rapidly, the BPPC was extremely overwhelmed and therefore recommended that the excess cloves stocks be burned.

Thus, the existence of the BPPC is not related entirely to buying and selling cloves but also to Bank Indonesia liquidity credit and to commercial credit provided by state banks before the BPPC was founded and when it was still PT [Limited Company] Kembang Cengkeh Nasional. Moreover, we know that manufacturers could get tax tapes only if they proved with BPPC invoices that they had bought their cloves from the BPPC.

Now, under the newest scheme, deemed a "brilliant" idea, the BPPC's debt to Bank Indonesia theoretically can be paid. It is necessary to remember, however, that the BPPC is selling the promissory notes to the bank consortium and that therefore the funds do not automatically go to Bank Indonesia but go via the BPPC first.

The condition of the BPPC's transparency makes it necessary to explain this matter. We remember that in the case of PT Barito Pacific Timber stock, very many intended stock purchasers asked PT Makindo as primary guarantor of the stock issue to return money not used for stock, plus interest. That was appropriate, because the BPT prospectus had mentioned the subject of interest. That PT Makindo had a different interpretation has made the issue a hot news item until now.

In the case of the BPPC's issuance of promissory notes, it is entirely unclear whether the money for the advance purchase of 80,000, or 73,000 tons of cloves received in cash by the BPPC from the bank consortium was to be automatically surrendered to Bank Indonesia.

If there should be a delay of just one month in making transfer to Bank Indonesia, the BPPC would obtain 5.2 billion rupiah in interest. Again, the issue is the need for transparency in the BPPC's work.

### Audit Commission

Because the BPPC's participation involves the Department of Trade, the Department of Finance, Bank Indonesia, and state banks (all of which have the status of stock companies), transparency is appropriate to avoid

emergence of even a little doubt about the BPPC's credibility with respect to statements of managers and reality in the field.

Therefore, an audit commission should be formed, involving government elements and including factories buying cloves. This is necessary, because it will have the potential to eliminate doubts about the BPPC's credibility. If it is not formed, questions will continue to arise within the business community.

The first question would naturally relate to the process of price setting. If it is true that Gudang Garam bought cloves at a price of 10,500 rupiah per kilogram for 33,000 tons of 1991 stocks and 11,350 rupiah per kilogram for 40,000 tons of 1992 stocks, the question arises as to the very big difference from prices received by farmers.

Farmers now can no longer sell their cloves for more than 3,500 rupiah per kilogram. It is said, however, that each farmer receives a "deposit" of 3,900 rupiah for each kilogram of cloves, but what is called a "deposit" is not money but cloves stocks piled up at the BPPC. If such stocks are moved on the "first-in-first-out" principle, clearly the first stocks to be depleted are those belonging to PT Kerta Niaga and PT Kembang Cengkeh Nasional.

The second question is, what will be the fate of the KUD's [village unit cooperatives]? So far, no cloves from KUD stocks have been sold to manufacturers. That being the case, the cooperatives can only buy cloves but cannot hope to sell them for two or three years. Because purchases have taken place, KUD money (also obtained on credit) cannot be recovered for two or three years, and under price conditions that are full of uncertainty.

Meanwhile, farmers themselves get prices that are far less than prices set by the government, in fact less than cloves prices before the existence of the BPPC.

#### What Next?

The cloves issue can be considered a microeconomic problem, because it involves companies and farmers. Under such an absolute and perfect marketing system, deemed so good by the minister of trade and the minister of cooperatives, it appears that we must accept the fact that the BPPC's existence will continue strong in the near future. The price that must be paid for this is very apparent from the conspicuous difference between the buying price and the selling price. If the BPPC pays only 3,500 rupiah cash per kilogram and in 22 months can sell at a price of more than 10,000 rupiah per kilogram, clearly the cost of its intermediation is not merely high, but very high.

If a bank operating on the money market should have an intermediation cost like the BPPC's, loan interest rates would be 100 percent.

The future national economic system must inevitably be a much more transparent system. Forms of marketing controls have long been abandoned everywhere in world and state economic communities. If the BPPC must indeed exist, at least for the next 22 months, the business community greatly hopes for transparency in BPPC business behavior.

If such transparency does not emerge and the audit commission is not formed either, the business community will not be surprised if the political dimensions of the BPPC's existence, instead of lessening, increasingly expand. This will hurt the ones that the BPPC actually wants to help, namely smokers. From another aspect, tobacco taxes, a component of considerable importance in the APBN [National Budget], could be threatened with declining revenues.

**PNP Officials Involved in Robbery Dismissed**

94SE0017A Manila BALITA in Tagalog 5 Oct 93 pp 1, 2

[Text] Six members of the Philippine National Police, including two captains, were dismissed from service because of crimes involving robbery and grave misconduct, according to a report from Camp Crame yesterday.

PNP chief, Director General Umberto Rodriguez ordered the dismissal of Senior Inspector Ramiro de Joya, Senior Inspector Eduardo Abaja, and Senior Police Officers 4 Leopoldo Marfil, Alexis Gonzales, Eddie Jison and Alexander Tan, all from the Criminal Investigation Command (CISC).

Two other agents of the CISC who were suspended are Senior Police Officers 4 Ricardo Bondoc and Rosendo Bersal. They were suspended for six months without pay, and without their allowances.

The six CISC agents were dismissed because of grave misconduct, according to a court order in Barangay Ubay, Pulupandan, Negros Oriental on 22 October 1990.

The order issued by the Regional Trial Court in Bago City called for the return of ownership of a home by Attorney Magdaleno Pena to a resident who is Bonifacio Pena.

The PNP Inspector General knows that the court order given to de Joya and seven others, all assigned to the CISC 601st Field Office in Bacolod City, should not have been implemented because there had already been a restraining order from the Court of Appeals.

According to the investigation, the respondents, in order to implement the order, forced their way into the house, forced open the cabinets inside the home, and took with them a Bausi and Mercier wrist-watch, an M-16 rifle, an M-16 hydromatic, a 12-gauge shotgun and money worth P86,000.

The respondents also took 5,000 kilos of shrimp worth P65,000 from the 12-hectare fishery of Attorney Pena without his permission.

In a three-page evaluation of Rodriguez' judgment, he stated that de Joya and his men were no longer obeying the law when the court order was implemented.

Based on the evidence, Rodriguez also ordered criminal charges—three qualified theft and robbery charges—brought against de Joya, Marfil, and Gonzalez.



## POLITICAL

### Minister Den Cites Persecution of Family

94SE0024A Bangkok SIAM RAT in Thai 26 Sep 93 p 3

[Interview with Vice Minister of Interior Den Tomina, date and place not given]

[Excerpt] [SIAM RAT] What is the truth about the reports attacking you and your brother, Mr Amin Tomina.

[Den] All these attacks on me have come from the same group that wants to spread beliefs destructive of people and politics. The things that have been written have been feelings more than anything else. They have been intended to destroy me as I am the only one from my family in politics now.

My brother is now at a disadvantage. He cannot say anything because he had to flee to safety in Malaysia. When Mr. Sutthichai called long distance to interview him, the line was broken. He was prevented from making any political contact. Many television channels tried to make contact but were prevented. This meant he was unable to report the truth. I alone can tell the truth about him.

Since my father's time my family has been hit by trouble. My oldest brother and my father were killed. My next older brother has had to flee for safety to Malaysia. But I have asked many times that this be the end of it...I do not want any revenge at all. Let bygones be bygones. I do not want to start something with other families. But those doing the writing are still obsessed—they have been writing for so long, it is like a legend or a history. They did not just now think of doing away with me, they have been thinking about it for some time.

Later on someone who did not dare to sign his real name to what he wrote tried to claim that Surong was a rebel. And I was branded the son of a rebel.

My father was arrested and accused of many things. But the court did not believe the evidence about his preparing an armed force. Finally they produced a document which Surong had written to Imam Muhamat Mathuhadin, the son of the last governor of Pattani, which contained seven requests of the Thai government.

These seven requests were: 1. that administrators be elected by the local population—this was not an issue of partitioning the land; 2. that government officials in the area be 80 percent Muslim; 3. that Thai and Malay be used as official languages; 4. that Malay be taught in the schools; 5. that religious courts decide questions of inheritance and family matters; 6. that in matters involving adherents of Islam a religious leader be appointed to advise government officials and that there be no power to change the religious leader; 7. that local tax funds be spent locally.

Afterwards various governments adopted these policies. These requests were not a crime or a rebellion.

Just at that time a Malaysian newspaper printed an article stating that the government oppressed fellow Muslims as second class citizens and that it was considering killing, arresting and torturing arbitrarily.

For this a court convicted him of slandering Thai government officials—it was not possible for the Thai government to deal with its people like that. Surong was convicted of "slandering the Thai government".

At that time the old criminal code was still being used, and this was an offense under article 104. This article was under the section "Rebellion against the Kingdom". This law said it was rebellion. In fact it was not. It was slander.

Surong was in prison for four years. On his release he returned home to teach religion as before. The people liked him more than ever, but influential people were not happy. Finally on Friday, 13 August 1954, the police called to meet with him, and he disappeared.

With regard to Surong, Police Colonel Phut Buranasomphop wrote about him in the book, "The Iron Man of Asia". But he was inaccurate. I accused Police Colonel Phut of making charges without evidence. Later he asked my forgiveness.

With regard to my older brother, in 1962 Amin was arrested, accused of being a gangster and jailed immediately. One year later there were many more charges made against him. Amin's case was different than my father's. It was considered for another three years. They still did not know if the charges would stick or not. The prosecutor withdrew the charges and made him sign papers that he would make no counter-charges. This case is almost over. If it is finally decided whether he was guilty or innocent, the problem will be over.

Amin returned home. That group was not happy—they felt they could not accept him. Then came the time of the Prem [government] when many of the Muslim leaders in the South were silenced. Amin came to me and said his name was on a list. I told him I could not help, and if he wanted to be safe, he should flee. He fled to Malaysia. There is just this about Amin's case. After he left, he began to be slandered, and the slanders amounted to such a volume that I could not handle it any more. Some believe it, some do not.

[SIAM RAT] The information from the units in the South appears to be unclear and targets him.

[Den] A report by the Center to Administer the Southern Border Provinces stated that Amin was in the BRN [National Revolutionary Front] movement. I was alarmed. The movement was divided into three groups. The BRN Khongkret was an armed force in the forest. There were also the BRN Palana and the BRN Khodinat. They said that Amin was head of the BRN Khodinat. So I asked at a meeting of the SO.BT. if there were any

evidence or not. If it were true and there was evidence, I announced I would leave. They admitted they were wrong and that it was an unsubstantiated report. They said that the Center to Administer the Southern Border Provinces Information Center had only been set up for a few days and had been issuing a great many reports attacking him.

Initially the Fourth Army Region Commander said that this was the work of the bandit terrorists [refers to Southern Thai Muslim Separatists]. I did not believe it. Later he opened the door up wider and said it was the bandit terrorists with the participation of politicians, MP's who were not elected, and some temporary officials. This I accept and believe. [passage omitted]

### Generals, Prasong Deny Aid to Khmer Rouge

#### Foreign Minister Notes Business Deals

94SE0020A Bangkok SIAM RAT in Thai 3 Oct 93 pp 1, 16

[Text] Squadron Leader Prasong Sunsiri and the minister of foreign affairs responded to the Cambodian government's charge that Thailand is aiding the Khmer Rouge. They said that the Cambodian government made that charge because it can't suppress that group, so it has to put the blame on another country.

On the morning of 2 October at Bangkok airport, the minister of foreign affairs stated that Thailand's policy is not to interfere in the internal affairs of Cambodia. Thailand recognizes only the elected government and will not support or work against any particular group. Even if Thailand is asked to help suppress a group, we will not do so. All we will do is monitor and maintain security along the Thai border. If any faction encroaches on our territory, the military will seize their weapons and detain them. The matter must then be negotiated.

When asked about the fact that several countries blame Thailand for supporting the Khmer Rouge, Squadron Leader Prasong said that those countries misunderstand Thailand, because they think that the Khmer Rouge killed large numbers of people and they focus on a period that is now in the past. In their hearts, they know that Thailand is not supporting the Khmer Rouge. Along with many other countries, Thailand helped to keep the pressure on until the four factions finally signed the Paris Agreement.

As for the possibility of heavy fighting breaking out in Cambodia, Squadron Leader Prasong said that he thinks that an agreement will be reached. There have been reports that Mr. Khieu Sampan, the Khmer Rouge leader, has met with King Norodom Sihanouk. Thus, it is believed that all Cambodian factions want to reach a compromise and solve the problems. But if one of the factions is left out, it will be difficult to maintain the peace.

As for those Thai businessmen who still have business dealings with the Khmer Rouge, Squadron Leader Prasong said that when the 1st and 2d prime ministers of Cambodia met with Thailand's prime minister and with him, they said that the contracts signed with the various Cambodian groups were still valid. But once a new government has been formed, the businessmen should have those contracts approved by the new government. There shouldn't be any problem, because the Cambodian government will have to continue trading. It just wants to reorganize things, because in the past things were in a state of confusion.

#### 1st Army Commander Reacts

94SE0020B Bangkok SIAM RAT in Thai 4 Oct 93 p 3

[Text] Lieutenant General Chettha Thanacharo, the 1st Army Region commander, said that the Cambodian government can't defeat the Khmer Rouge and so it has tried to save face by blaming Thailand, charging that Thailand is helping this group.

Lt. Gen. Chettha was interviewed after participating in a charitable walk at the Chatuchak park on the morning of 3 October. He was asked about the fact that Mr. Hun Sen, the 2d prime minister of Cambodia, had said that Thailand is supporting the Khmer Rouge. Lt. Gen. Chettha said that they are probably fighting there. Whenever one faction stumbles and wants to save face, it puts the blame on Thailand, which shares a border with Cambodia.

The 1st Army Region commander said that Thailand has constantly tried to explain the truth. What happened at the Chom pass in Surin Province last week provides clear evidence of whether we are supporting a particular faction. Even though Thailand has acted like this, they don't believe us. That is not right. In view of the fact that Thailand is trying to help the Cambodian people, how can they say that Thailand is aiding the Khmer Rouge?

Lt. Gen. Chettha said that the military certainly won't allow any foreign forces to encroach on Thai territory. If they do, they will be disarmed and sent back. As for refugees, countries throughout the world expel the refugees. No one wants to accept refugees. But Thailand adheres to humanitarian principles. If people flee here to escape danger, if we did not give them refuge, they might be shot and killed. Thus, we have let them in. After the fighting dies down, we repatriate them to Cambodia.

"We have explained these things. It is the Ministry of Foreign Affairs that is responsible for discussing matters with the Cambodian government, which likes to condemn Thailand. The military will continue to act in accord with proper measures. We have to have confidence in ourselves. We have acted properly. It's impossible not to see our goodness," said Lt. Gen. Chettha.

### Editorial Demands End to KR Factional Status

94SE0020C Bangkok MATICHON in Thai 1 Oct 93 p 8

[Editorial: "The Khmer Rouge Must Surrender"]

[Excerpts] [Passage omitted] If the Khmer Rouge stubbornly refuses to disarm and participate in the political, administrative, and legal system of Cambodia, then they are nothing but rebels, separatist terrorists, and illegal forces, and the Cambodian government will have the right to suppress them.

There is only one choice for the Khmer Rouge and that is to surrender and participate in the political and administrative system and abide by the country's constitution in order to enjoy the various rights and freedoms. [passage omitted]

Other countries, including Thailand, must recognize the Phnom Penh government as the sole legal government of Cambodia. The status of the Khmer Rouge as one of the four political factions must come to an end. The members of the Khmer Rouge must become a group of ordinary citizens living under Cambodian law. The political status of the Khmer Rouge will no longer be recognized as in the past. Any country that continues to recognize the political status of the Khmer Rouge will be promoting or recognizing a separatist movement in Cambodia. If the Khmer Rouge wants other countries to recognize it as a political party, it must participate in the system.

What other countries must do to constructively help solve the political problems in Cambodia in a peaceful way is to put pressure on the Khmer Rouge to surrender and become a part of the system. At the same time, an effort must be made to promote political compromise. Steps must be taken to prevent people from taking revenge or assassinating people if the Khmer Rouge participate in the system. The Cambodian government must guarantee that the Khmer Rouge will have the political right and freedom to form a political party in accord with the law. And it must assure them that they will have social and economic rights and be able to earn a living as citizens of Cambodia. [passage omitted]

It's time for the Cambodian government and the Khmer Rouge to forget the past. Now that there is a new constitution, the mistakes of the past must be erased. They must not be dredged up again now. If they are, that will lead to unending political conflicts. Forgiving each other and working together to build the country is the best solution.

### Division Commander, Spokesman Comment

94SE0020D Bangkok SIAM RAT in Thai 30 Sep 93 p 3

[Excerpt] [Passage omitted] "I want to state categorically that the Thai military is not supporting the Khmer Rouge. We are acting in accord with the UN resolution and the

policies of the government. We must protect the sovereignty and interests of the country," said Colonel Phalangkun Klahan, the army spokesman, on 29 September.

Colonel Phalangkun said that even though Mr. Hun Sen did not name the country, everyone knows that he was referring to Thailand. What he said has affected the feelings of a neighboring country. That is not fair to that country. "Actually, Thailand has always been a good neighbor. Domestic politics is in the internal affair of the Cambodian people. The fighting in Cambodia is an internal political matter. The fact that the Cambodian government can't suppress the Khmer Rouge is an indication of the weakness of the government forces. But instead of saying that they are weak, they have shifted the blame, saying that someone else is providing support."

Col. Phalangkun talked about the article written by Mr. Craig Atchison, director of the Citizens Against the Khmer Rouge Organization, in which he attacked the Khmer Rouge and asked Thailand to stop aiding the Khmer Rouge. Col. Phalangkun said that Thailand is not aiding the Khmer Rouge. Mr. Atchison does not know the facts. He is guessing, and this has hurt Thailand.

Major General Prasoet Phakcharoen, the commander of the 6th Infantry Division and the commander of the Suranari Force, said that the policy of the Thai military is to remain neutral and not support any particular faction. We don't want to accept any refugees, but we must act in accord with humanitarian principles regardless of who it is. We have disarmed people—and not just the Khmer Rouge—and sent them back across the border into safe areas.

Mr. Surin Phitsuwan, deputy minister of foreign affairs, said that Thailand has constantly tried to help the Cambodian government. If they are still suspicious, they can talk with us about this. As for what happened, Thailand probably won't respond in writing. It will probably take time to prove that Thailand is not in contact with a particular faction. "We can't become excited or react to everything. Otherwise, we would be busy all the time."

## MILITARY

### Army Deputy Chief of Staff Profiled

94SE0025A Bangkok DAILY NEWS in Thai 26 Sep 93 p 7

[Unattributed report: "RTA Deputy Chief of Staff"]

[Excerpt] [Passage omitted] The new "RTA Deputy Chief of Staff" who will assume this position at the beginning of this October is Lieutenant General Chaiyawut Simat. He lives in Bangkok in Nangloeng. He was born on 3 August 1935. He is the son of a former RTA officer, Lieutenant Colonel Khunthanom Phisaiyothi. His mother was Somchit Simat. They have both passed away.

Lieutenant General Chaipayut is an alumnus of Suankulap College. Then he went to officer training school. On completing that he continued his studies at the Royal Military Academy. He was in the sixth class along with General Pramon Phonlasin and Police General Manat Khrutthachaiyan, etc. The Deputy Chief of Staff chose to study "cavalry".

When he completed his studies in 1959 his rank was "sub-lieutenant." He was assigned to various units. During that time he continued studying at the Cavalry Center School and at the RTA Staff School, team 45. He then went to study military science in Indiana in the United States and studied at the Royal Defense College in class 31. This class included such famous members as General Wirot Saengsanit, Air Chief Marshall Siriphong Thongyai (MR) [Royal Title], Admiral Prachet Siridet and Air Chief Marshall Suthep Theppharak, etc.

His career has been closely associated with the military ever since. It is said that he slept and ate at the Fourth Cavalry Battalion (armored) in Bangkrabu for many years. He was assigned to RTA personnel administration from the rank of Major to Major General when he became Assistant Chief of Staff for Personnel.

As regards his family, his wife is Chuthaphan Simat. She graduated in education from Chulalongkorn University and has taught at the Satri Chulanat School ever since. They do not have children. He is a professional officer who is knowledgeable and serious. And he understands military matters very well.

#### Division Commands by CRMA Class

94SE0019A Bangkok SIAM RAT SAPDA WICHAN  
in Thai 3-9 Oct 93 p 5

[Excerpt] [Passage omitted] During this "era" of General Wimon Wongwanit, Army commander-in-chief, the "combat forces" can be divided into two levels—"regional forces" and divisions. At the "regional force" level, there are 9 units, and at the "divisional" level, there are 17 units. During the recent annual reshuffle of generals, officers were appointed to positions as follows:

At the "regional" level, only corps commanders were reshuffled. Lieutenant General Phet Wattanaphuti, a member of CRMA [Chulachomklao Royal Military Academy] Class 8, was appointed 1st Corps commander. Lieutenant General Thanit Wasaphuti, a member of CRMA Class 7, was appointed 2d Corps commander, and Lieutenant General Panthep Phuwanarathanurak, a member of CRMA Class 9, was appointed 3d Corps commander.

At the main "regional" level, there were no command changes. That is, Lieutenant General Chettha Thanacharo, a member of CRMA Class 9, remains 1st Army Region Commander, Lieutenant General Anuphap Songsunthon, a member of CRMA Class 5, remains 2d Army Region Commander, Lieutenant General Yingyot Chotiphimai, a member of CRMA Class 6, remains 3d

Army Region Commander, Lieutenant General Kitt Rattanachaya, a member of CRMA Class 8, remains 4th Army Region Commander, Lieutenant General Surayut Chulanon, a member of CRMA Class 12, remains Commander of the Special Warfare Command, and Lieutenant General Samphao Chusi, a member of CRMA Class 12, remains Commander of the Army Air Defense Unit.

As for the reshuffle at the "divisional" level, Major General Sanan Maroengsit, a member of CRMA Class 4, was moved from Commander of the 12th Infantry Division to Commander of the 6th Infantry Division in place of Major General Prasot Phakcharoen, CRMA Class 11, who was removed from command of a combat unit and appointed chief of staff of the 2d Army Region. Major General Prayut Thapcharoen, CRMA Class 12, was appointed Commander of the 4th Infantry Division in place of Major General Sommai Wichawora, CRMA Class 11, who was removed from direct command of a combat unit and appointed Deputy Commander of the 3d Army Region.

Major General Suraphon Seniwong Na Ayuthaya, CRMA Class 13, was appointed Commander of the 5th Infantry Division in place of Major General Suwinai Boribunnangkun, CRMA Class 11, who was appointed Deputy Commander of the 4th Army Region. Major General Prasong Chaayasit, CRMA Class 14, was moved from Commander of the Special Warfare Center to commander of the 1st Special Forces Division in place of Major General Somsak Saengchanthaloet, CRMA Class 12, who was appointed Deputy Commander of the Special Warfare Command. He replaced Major General Han Phethai, CRMA Class 11, who was removed from the sphere of "combat forces" and appointed Deputy Chief of the Territorial Defense Corps.

Major General Tharin Sutaphaha, CRMA Class 13, was appointed Commander of the 2d Special Forces Division in place of Major General Bunrot Somthat, CRMA Class 12, who was appointed Deputy Commander of the Special Warfare Command. He replaced [now] Lieutenant General Chalongchai Yaemsaraso, CRMA Class 10, who was promoted to lieutenant general and appointed chief of staff officer to the commander. Major General Phairot Waeochinda, CRMA Class 13, was appointed Commander of the 12th Infantry Division. Major General Thanit Wongkalasin was appointed Commander of the AAA Division, and Major General Chamlong Bunkraphu, CRMA Class 12, was appointed Commander of the 2d Cavalry Division.

As for those divisions that did not see any change of command, Major General Somphop Attanan, CRMA Class 14, remains Commander of the 1st King's Guard Infantry Division, Major General Nipphon Maranyanit, CRMA Class 14, remains Commander of the 2d King's



Guard Infantry Division, Major General Winit Krachangson, CRMA Class 9, remains Commander of the 9th Infantry Division, Major General Rewat Bunt-hap, CRMA Class 13, remains Commander of the 3d Infantry Division, Major General Udom Hemwichit, CRMA Class 12, remains Commander of the Artillery Division, Major General Wattanachai Chaimuanwong, CRMA Class 12, remains Commander of the 1st Cavalry Division, Major General Nopkhun Khanthathim, CRMA Class 10, remains Commander of the 11th Infantry Division, Major General Wisan Kanitthanon, CRMA Class 8, remains Commander of the 15th Infantry Division, and Major General Bunchu Samon-ruk, CRMA Class 9, remains Commander of the 16th Infantry Division.

With respect to the nine "regional" commands, it can be seen that CRMA classes 8, 9, and 12 each have two positions and that classes 5, 6, and 7 each hold one position. At the divisional level, Class 12 members command five of the divisions. Classes 13 and 14 each hold four of the commands. Class 9 holds two divisional commands, and classes 8 and 10 each commands one of the divisions.

Looking at the unity of the combat forces at the regional level, it can be seen that in the Special Warfare Command, members of a single class hold all the command positions. And in view of the fact that Class 12 officers now command such divisional forces as the 2d Cavalry Division and the AAA Division, it is clear that members of CRMA Class 12 now form a formidable force. Not only does this class serve as a good base of support for General Wimon Wongwanit in his position as army commander-in-chief, but it also casts a long shadow indicating that members of this class will rise to even higher positions in the army in the future.

## ECONOMIC

**Copyright Law Critic Surakiat Comments on Changes**  
94SE0028B Bangkok SIAM RAT SAPDA WICHAN  
in Thai 17-23 Oct 93 pp 14-15, 55

[Interview with Chulalongkorn University Law Professor Surakiat Sathianthai by Phongnarin Ulit, date and place not given]

[Excerpt] [SIAM RAT SAPDA WICHAN] What is your view on the changes made to the draft copyright act?

[Surakiat] There are several changes in the draft copyright act that I think are very important to Thailand's economic, scientific, and technical development. The most important point concerns computer software. I agree with protecting computer program, or computer software rights. But in protecting these rights, we must also consider the economic, scientific, and technical situation in those countries.

There are two views on protecting software. One is that there should be a special law that applies to computers alone, or a "stand alone law" as it is called in English. The other view is to protect the copyright system, because many countries, particularly the United States, are exerting pressure to provide protection through copyright laws. But we must have special sections in accord with the computer software issue.

Thus, in general, I support protecting software rights, but I am not in favor of providing protection within the copyright system. There are several reasons for this. First, our copyright system was not formulated to protect technological goods. This can be seen most clearly with respect to the length of protection. If the life of the copyright runs for 50 years, we will be dead. That is because we want to protect literary and artistic works. Take Monet's paintings, for example. The artist died a long time ago, but his works are still being bought and sold. The same is true of immortal songs and books. These still have commercial value. But I don't think that computer software will have any commercial value after 5 years or so. People in these circles know very well that about a year after a piece of software is released, a new version is released. Thus, I don't think that a piece of software will have any commercial value after five years. Providing protection for 15 years should be more than sufficient.

Second, providing protection within the copyright system means providing protection with a secret nature. That is, in the copyright system, a work does not have to be registered. This is different from the patent system. Thus, in the copyright system, you can write a program anywhere and receive protection. If you are a member of the copyright convention, or Berne Convention as it is known, you don't have to register your work in Thailand. Thus, because you don't have to register in Thailand, there is no need for you to disclose basic data. In the patent system, if a person wants to register a patent, he must register it at the Department of Commercial Registration. Now, it must be registered at the Intellectual Property Department. And one of our requirements is that the person must disclose basic data for the benefit of the country's scientists and technicians so that they can develop and produce new things and come up with new inventions.

With respect to the copyright system, because this is not used for technological goods, there is no need to register the items in order to disclose the basic data. Thus, as far as the copyright system is concerned, protecting computer software has nothing to do with the transfer of technology or with investment.

The most important point is that the copyright system prohibits making modifications, which includes making improvements or revisions. In our software development, we are at the stage of "micro-programming," that is we take original programs and develop and improve them, although we do not simply copy them. This includes



Thai-language processors, accounting systems used in Thailand, and software used in various industries that has been modified somewhat.

This is something that should be supported. This should be developed at this level. But the copyright law prohibits making modifications. This will greatly affect our scientific and technical development. We will be adversely affected unless we consider this.

I don't think that the claim that we are doing everything in accord with international standards is correct. The cabinet has passed a resolution making us a member of the international convention on copyrights, that is, the Berne Convention as revised in Paris. These international measures do not say anything about having to protect computer software within the copyright system.

As for the measures referred to, the GATT negotiations in "Trips" have not ended yet. Thus, we should not revise our laws to conform to international measures that do not yet exist. After those talks have concluded, I am sure that they will grant waivers to allow the developing countries time to adjust to the law. Wouldn't it be better for us to make use of this loophole? We should hold talks on how computer software and other things will be protected so that Thailand benefits as much as possible.

[SIAM RAT SAPDA WICHAN] Do you have anything else you would like to add?

[Surakiat] I think that there are many things that should be changed at the time the motion is revised. It isn't a matter of being stubborn or defeating others. The government and the opposition should work together to see what will benefit Thailand the most. In particular, the government once opposed various points that I talked about in 1986-1987.

The thing that needs to be changed is the word "modified." Developing things should not be construed as a violation. But if only minor modifications are made in their goods, that is not right and can be construed to be a violation. But that won't affect our scientific and technical development. We need to be given a little time to breathe.

Second, the only exemption, which will not be construed as a violation, is for conducting research or studying computer software. What that means is that we cannot use one program to study another. This poses a danger, because this will affect the development of our human resources.

Regardless of the program, it will be costly, because if we don't protect micro-programs or fall under one of the exemptions, our human resources development process will come to a halt. I think that the effects will be very great. We should be able to use this to do research and conduct studies. Copying the software and actually committing commercial violations is another matter.

Third, another exemption is that items can be used for personal use only. Originally, the law stated that an item could be used for personal benefit or the benefit of close relatives. As for personal use only, this gives rise to the question, if others in the family such as a child or spouse use the material, is that a violation? I don't think that it is necessary to mention that. It should be stated in broader terms.

Fourth is the issue of how long a copyright will run for. I think that 50 years after the death of the copyright holder is too long. That means that we will have to protect computer software for 100 years. France has reduced the time period to only 15 years.

Fifth is the issue of performance patents. This is not a copyright issue and should not be included in the copyright act. It is an issue of lateral rights. There is already a convention on this, the Rome Convention of 1961. The rights of performers are part of these lateral rights. Copyrights protect the creator of the work. The person who performs the work does not enjoy any protection. But he may employ a special method. He may, for example, sing a medley, which will be protected by the law. But that is a lateral right. It is not a copyright and should be included in some other law. And this is doing things out of order. If it is thought that this will benefit Thailand, why haven't we become a member of the Rome Convention and then submitted the matter to parliament so that parliament can pass a law authorizing things to be done in accord with the convention? That is the way that things should be done in our constitutional system. Why do we need to rush to include this in the copyright act even though we are not a member of the convention? These are separate issues. What is directly concerned here is that our law is not very clear.

We have written our law as if those countries that are members of the Berne Convention on copyrights will enjoy the merits of performer rights, too. The first reason is that this is included in the act. The second reason is that the issue of international performance rights is not spelled out clearly. That is, it is not clearly stated whether copyright rights apply just to those who are members of the copyright convention and whether performance rights apply just to those who are members of the convention on performers. I think that it should be clearly stated that those who are members of the copyright convention do not automatically enjoy protection of performance rights.

Furthermore, I do not think that this should be part of this act. It should be included in an act specifically concerning that issue. It could be a short act. I don't see any problem with that. Things should be done properly.

As for cases, with respect to the burden of proof, the new law assumes that in both civil and criminal cases, there is an actual copyright involved in the suit and that the plaintiff is the owner [of the copyright]. This increases the burden of proof on the defendant in criminal cases. I don't think that this is necessary. We shouldn't change our legal system in ways that are contrary to the way our criminal legal system has operated for so long. If

someone files charges and brings witnesses, that is two strikes against the defendant. But I don't think that copyright cases are that serious.

Something else that I think is important is that Article 67 of this draft act gives officials of the Intellectual Property Department the right to conduct searches and seize property in various places if there are reasonable grounds for suspicion. But in fact, the law on criminal deliberations already gives them that right. The only thing is that based on the present law, they must obtain a search warrant from the court. I think that that is sufficient. This is not a life-and-death issue requiring officials to conduct searches and seizures at any time of day or night. This was not in the original draft written by the Ministry of Commerce. I don't know who added this. I think that that is going too far. It's as if we are trying to suck up to the United States. Why does it seem as if we are trying to suck up to the United States with respect to search and seizure powers and burden of proof? It's because the United States requested this in the past, and we constantly refused.

We have to look at ourselves first. Don't forget that the intellectual property law is an economic law, and it must be promulgated in accord with our economic situation. All countries do this. This law gives monopoly powers, because it is thought that certain monopolies benefit society, that is, it stimulates people to come up with new inventions.

But at the same time, the law must look after people on a broad basis and ensure that society benefits from those monopoly rights. Thus, the law stipulates that because you have been granted monopoly rights, you must disclose basic data in the patent system. You have been granted monopoly rights, but you must invest. Even though you have these rights, you can't charge too much for your goods. There must always be a balance. One country can't tell another country that it must pass laws to protect this and that. We must have a chance to revise the contents of our laws in line with things here. That would reduce the country to a buyer of technology.

The copyright system is good if you own the technology, because it affords resolute protection. But if you are trying to develop technology, you will suffer great losses. You will not be able to develop anything but will be in violation of the law. We will not be able to develop things and then sell those goods to less-developed countries. In short, we will become a buyer of technology and won't have time to breathe.

Once we get beyond this point, the copyright system, we may have an advantage. I think that this is something that must be considered very carefully. Parliament should spend some time considering this. The government should allow parliament to play a role in negotiating international trade.

The United States, Europe, and Japan all do things this way. Once the prime minister has negotiated some issue, whether he can get parliament to go along is another

matter. He will claim that parliament refused to agree. Or he will ask for more time. Look at the American president, for example, he has talked a lot about the development of NAFTA but has said that the matter is stuck in Congress.

There are various corners, and they have to accept this, because it is a democratic congress. Parliament should be allowed to consider things. Things shouldn't be rushed like this.

[SIAM RAT SAPDA WICHAN] It's like a game.

[Surakiat] It is like a political game, but actually it's not a political matter. It's not something that will lead to the collapse of the government. It's an economic issue. What I have told you today are things that I have been talking about for seven years. The government knows about this, because the government opposed this during the Prem 5 administration when the Social Action Party was a prime mover.

[SIAM RAT SAPDA WICHAN] Is the government too weak?

[Surakiat] I don't think they have posed the problem correctly. I think that they should be focusing on how to avoid retaliation based on PFC [foreign priority country] status. The government should assure exporters that it will do everything possible, including negotiating this issue directly or negotiating interests along with the environment, Cambodia, and so on, in order to avoid retaliation.

But we have mistakenly posed the problem as one of having to get off the PFC list. What is this list? It is a list drawn up by the United States. This has nothing to do with the law. But because we have posed the problem this way, we are doing everything we can to get off the list. The United States knows that it can play this game. When we talked with them the second time, they proposed 12 things. When we agreed to all of them, they added another one, the film issue, which is completely different from the matter of intellectual property. They added that and said that if we didn't give in, they would keep us on the PFC list. Because our goal is to get off the PFC list, we had to give in on the film issue. I don't know how much this will hurt us. But negotiating like this isn't right.

But it really doesn't matter if we can't get off the list. The real issue is how to keep them from retaliating. We may not have to adhere to all 12 of those things. Take the Ministry of Public Health measure that protects drugs retroactively, for example. Providing protection retroactively is not in accord with the principles of pharmacology. I think that if we explained things to the United States, citing our reasons, they would understand.

Is another one of our goals going to be to get off the priority watch list and watch list? Again, I don't think that this is the right way to negotiate with the United States. They will just make more and more demands.

Trade negotiations are like buying things at the market. If you want to buy something for 80 baht and the seller says 90 baht, you have to offer 70 baht. Then you will get it for 80. When they demand things from us, they ask for 100, knowing that they will probably be able to get 80-90. But if they ask for 100 and we give them 99 or 120, we will be in trouble.

A basic principle is for us to give as much as we can without hurting ourselves too much. We may not be happy, but we can survive. They may not be satisfied, but they won't retaliate. That is, they will have enough so that they can tell Congress that Thailand has done certain things.

[SIAM RAT SAPDA WICHAN] Is there any way to tell how much economic damage this draft act will do?

[Surakiat] It all depends on what numbers you use. The figure for software alone, without considering the social aspect or the development of our human resources, is 1 to 10 billion, which I think is a very large figure.

People say that textile exports may be affected. But textiles have their own system. There is a multilateral agreement, and Thailand and the United States will have to reach an agreement in the future.

What will affect us is the GSP. I think that that is very important. But we can't say that the GSP will mean losses of tens of billions. If they cut this, they will cut certain items only. And they will watch to see how well we can compete with respect to each item and what the tariffs are. If the tariffs are low, we will have great capabilities, and this might not have much effect. If the tariffs are very high, that might affect us. Thus, you can't take the entire value of trade of the GSP and say that tens of billions will be lost. That will frighten everyone. But that is not the case. Four items were cut in the past, because there were certain issues on which we couldn't give in. But in fact, the next year, sales of those four items actually increased.

This shows that we were not affected by the GSP. This has been cut before. It has nothing to do with this. Whenever the ceiling is reached and sales exceed 50 percent of the market share in their country, GSP will be cut. The next year, we won an increase on certain items and not on others. That is normal.

I am not saying that GSP rights are not important. But I think that we have "over sold" this. That is, we have attached too much importance to this. We mistakenly think that if we don't give in to their demands, they will retaliate. The American market is worth 200 billion or so, right? Everyone would be shocked if that disappeared entirely. But that won't happen.

[SIAM RAT SAPDA WICHAN] Have the people been provided with data?

[Surakiat] Not all of the data are correct. They haven't been told everything. And the data have not been analyzed. As for the GSP, we have to ask, if they cut the

GSP, will they cut all 600 items? If they do, will that mean losses of tens of billions? The answer to both of those questions is "no."

[SIAM RAT SAPDA WICHAN] Rushing to pass this draft act is like tying the bow on a gift to Clinton, right?

[Surakiat] There does not seem to be any other reason. The fact that the government has now submitted the matter to parliament should be enough. How long it takes parliament to discuss the issue is parliament's business. It may take 2 to 3 months. Because this is such an important law, I don't see any need to rush and conclude things in 15 days. The more subcommittees are formed, the more this will be a political law. But this isn't that type of issue.

[SIAM RAT SAPDA WICHAN] Today, the substance is less important than votes.

[Surakiat] That's right, substance is less important than votes. And if this happens with economic laws, regardless of who the opposition is, to me it won't matter. Because all of them have been in the government at one time or another.

If things are going to be like this, I think that this is very worrisome. In promulgating Thai laws, those who propose laws have to win. I think that things have to be opened up more. Economic laws are no cause for losing face. I think that it is disgraceful to promulgate a bad law. And we shouldn't think that we have to do everything the United States tells us. There are loopholes. They are things that we can do to get along with them. We can negotiate with them. [passage omitted]

#### **Suphachai Advisor Comments on AFTA prospects**

94SE00284 Bangkok SIAM RAT SAPDA WICHAN  
in Thai 17-23 Oct 93 pp 12, 13

[Excerpts] From what took place at the recent meeting of the ASEAN Free Trade Area Council held in Singapore, it does not appear that much progress was made. In particular, based on the exclusion lists submitted, which remain virtually unchanged from last year, it appears that there is a lack of sincerity toward each other. [passage omitted]

The failure became even more evident when Dr. Suphachai Phanitchaphak, the deputy prime minister, returned from the conference. Appearing very tired, he told reporters that he feels that the conference was fairly successful, which raises a question about the meaning of the word "fairly."

Dr. Tirana Phongmakphat, an international trade adviser to Dr. Suphachai and a member of the Faculty of Economics, Chulalongkorn University, attended that conference, too. He explained what he had brought back from Singapore: "The deputy prime minister said that, because he believes that some progress was made. But we did not achieve what we had hoped to achieve. I think the meeting achieved about half of what we had hoped

for. Because looking at the changing situation in the world today, including NAFTA, which is moving ahead more quickly than we had thought, trade competition in the world is becoming fiercer and fiercer while ASEAN continues to move slowly."

However, Dr. Tirana believes that this conference was better than last year's. This is because the conference succeeded in moving the time for each country to reduce trade tariffs ahead by one year, that is, from 1 January 1995 to 1 January 1994. And the ASEAN countries have taken a position on the Uruguay-round of trade talks and will ask that the countries concerned exert pressure to conclude the talks by 15 December. They are prepared to propose tariff reductions, reach an agreement on agricultural and industrial goods, and make trade markets even freer.

As for what Thailand wants, Dr. Tirana said that we want to reduce the number of items on the exclusion list. Several countries are keeping a large number of items on the list. Some countries have put 25 percent of all their goods on the list. He said that he does not think that the figure should exceed 15 percent. Thailand has reduced the number of items to 118.

"Several countries were surprised when a proposal was made to reduce the exclusion list by another 10 percent. They were all surprised and unsure. There was no possibility of reaching an agreement on that at that conference. Thus, those at the conference proposed having the Office of the Secretary General of ASEAN look into and study the matter," said Dr. Tirana. He added:

"At first, Indonesia and several other countries mistakenly thought that having a large exclusion list would be good. But actually, that is bad, because if you are not part of the joint tariff plan to form an ASEAN free trade area (CEPT), that is, if you refuse to lower your tariffs to or below 20 percent, you will not be able to join with other countries. That is the problem. Thus, if a country quickly reduces its tariffs to the levels agreed on, it will benefit. But it will not benefit very much unless other countries reduce their tariffs, too. Thus, everyone will benefit if everyone works together. Countries are just beginning to understand this. They have just realized this."

As for the fact that various countries are still cautious and insincere about participating, Dr. Tirana said that it's only natural that countries are somewhat suspicious of each other. It will take time, because this is a matter of facts. It should not be forgotten that AFTA began in a different way from that of other trade groups. Joining is strictly voluntary. This is something that must be done at a time when the world economy is changing rapidly. Merging is a way of exerting political pressure. Thus, whenever meetings are held to discuss the details, such problems will arise.

Even though the results of this year's conference were not as good as had been expected, as for next year's conference of the AFTA council, which will be held in

Bangkok next October, Dr. Tirana has suggested a work plan for Thailand before the meeting. He has suggested ideas for the next meeting in order to avoid another failure and has expressed his position to the world community:

"What we must do is formulate an offensive plan. Most of the 118 items on Thailand's exclusion list concern the automotive industry and the auto parts industry. I have talked with the Ministry of Finance and said that we need to consider those 118 items in detail. Thailand must look at the exclusion lists of the other countries after the go-ahead has been given and see how much we are benefiting. We don't have to wait for an analysis by the Office of the Secretary General of ASEAN. We should complete this by the end of this year. The Ministry of Finance agrees with this.

The work plan submitted is aimed at giving AFTA a clearer image. Dr. Tirana has suggested a Bangkok Declaration for the next conference so that the conference will have a clear agenda. The issues suggested should be ones that will strengthen AFTA, such as further reducing the number of items on the exclusion lists. After this matter has been studied by the Office of the Secretary General of ASEAN, concrete suggestions must be made on how much these will be reduced and how this will be done. Pressure must be exerted to have this office serve as the apparatus in disclosing the facts based on the analysis. AFTA's target of 15 years should be reduced to only 12 years. By moving the starting time up by a year and reducing the total number of years, the time frame will be suitable.

The most important point proposed by Dr. Tirana has to do with conducting studies and formulating criteria for membership in AFTA. The criteria should be adjusted in order to accept countries throughout the world that are interested in becoming a member and to increase the number of members. This will increase the bargaining power. More countries must be brought in, because a membership of just six countries is too small. The organization will have very little bargaining power as compared with present world protectionist trends. Thus, membership should not be restricted just to neighboring countries.

Dr. Tirana believes that many of the countries that are being affected by world protectionism are ready to join together. At the very least, there must be a bloc that can engage in trade and protect itself.

"I think that Australia, New Zealand, and South Korea are interested and ready to join AFTA. But there are no criteria for letting them in. This is something that has never been discussed. However, an important question is whether ASEAN will decide to do things to benefit itself alone and not ask them to join, pinning its hopes on others, which means seizing the opportunity."

Besides this, in proposing another offensive plan to enable Thailand to deal with the world trade situation and handle the competition, Dr. Tirana has proposed a



plan to reform Thailand's trade system. He feels that the present and future periods will be times of great change in the world economic structure. NAFTA, in particular, is a signal and a new stratagem of the United States in showing many faces in carrying on world trade today.

"The United States is now using many stratagems, including playing a role as a member of GATT, expanding regionalism in order to build up its trade and production strength, engaging in bilateral activities, and stressing retaliation. An example is when they threatened to use Article 301 against Thailand. As for our offensive plan, we must employ many stratagems just like the United States. That is, we must open up the arena and participate in everything. But we must have a clear position and express our intentions, including within and outside GATT, within ASEAN, and within the "Cairns" group, in which we are cooperating with Australia. [passage omitted]

#### Officials Comment on Benefits from AFTA

94SE0029A Bangkok NAEON (LOK THURAKIT SUPPLEMENT) in Thai 8 Oct 93 pp 5,6

[Unattributed report: "Thailand To Benefit from AFTA, but at a Disadvantage to China and Indo-china in Investment"]

[Excerpt] [Passage omitted] Mr. Thamma Pinsukan, Chairman of the Society for the Electrical and Electronics Industry, said that it was good, especially for Thailand, that the ASEAN Economic Cabinet (AEC) had resolved to move up the tariff reductions by a year because it would mean that our products would be able to compete with those of other countries. It would also help create a good investment image at a time when Japan was interested in investing more in Thailand, especially in medium and light industry, because of the strong yen.

As for the investment atmosphere in Thailand, investing here was at a disadvantage to that done in competitors such as Indonesia or the countries of Indo-china which had lower import duties and labor costs. In any case on 1 January 1994 with the accelerated tariff reductions, Thailand would gain an advantage because it had public utilities in place, economic growth, and stable politics. And these factors would attract more investors.

Mr. Thamma also said that now the Ministry of Finance was inclined to consider lowering tariffs on raw materials for the electrical and electronics industries to 20 to 30 percent, on processed raw materials to 10 percent, and on components to 0 to 5 percent as the society requested in a letter. If this were considered, it would allow these industries to compete with other countries. [It was inclined to consider this] because the project had been encouraged by the Board of Investment.

Mr. Wirot Amatkunchai, the Chairman of the Society for the Thai Garment Industry, said of the meeting concerning the ASEAN Free Trade Area (AFTA) that if the meeting were successful, it would certainly affect the

cotton thread and cloth industries. It would cause us to lose markets in these areas. But we would gain an advantage in garments and ready-made clothing. In this regard the process might be too fast.

As for projections of textile exports to the American market, the government was helping Thailand lower the level of trade retaliation. This would help various industries especially textiles, of which 22 percent were exported. As for the project to set export quotas which included 24 categories, this year the ceiling was 202,000,000 square meters at a time when the market in the European Community (EC) was not good.

As for Thai exports Thailand's biggest customer was America, next came Poland and Japan, which was expected to expand as an export market. Germany was in fourth place after slipping from third place. It was the only country for which there was a decrease of at least 10 percent.

Mr. Wirot said of projections for Thailand's competitors that Indonesia had an advantage with regard to labor because it had a larger population. In addition its inflation rate and wage rate were low and changed little. But the Thai were more efficient. China had an advantage in labor, but its inflation rate was rather high, and prices were set by the government. Its unit prices were lower than Thailand's.

#### Lack of R&D Funding Decried

94SE0027B Bangkok THE SUNDAY POST in English 3 Oct 93 p 22

[Text] On Friday, Prime Minister Chuan Leekpai remarked during the annual awards presentation to outstanding researchers that the country cannot do without research and development (R&D) because buying technology is very expensive.

He claimed that the Government has allocated 450 million baht from this year's budget for R&D, most of which will go to the Ministry of Science, Technology and Environment and universities.

Out of the Government's more than 100,000-million-baht budget, 450 million baht accounts for less than 0.45 percent, and even this has to be divided among the ministry and universities. Thus each agency receives very little indeed.

Mr. Chuan, by his position, is the chairman of the National Research Council. But I wonder if he really knows much about the costs of doing R&D in this country. By all accounts, he is more interested in social problems than scientific and technological ones.

So let me outline the problems associated with doing R&D in this country, especially in science and technology.



The worst deficiency is the lack of equipment. Most R&D require expensive equipment which individual universities cannot procure without money from the government and/or grants from developed countries. A 450-million-baht budget will not go very far to address this problem.

Competent researchers are hard to find. Thailand may have a lot of graduates from overseas and local institutions with masters' or doctoral degrees. But this does not mean that they can immediately conduct research. They must be trained, either in this country or overseas, until they have sufficient skills to venture out on their own.

Often, those PhDs who come back home do not have the chance to acquire skills in advanced university laboratories or large corporations because they are often required to teach so many hours or do administrative work. Their rudimentary skills in R&D cannot be further developed and finally fade away.

Some returnees may want to continue on the R&D track but due to lack of equipment and funding, they have no choice but to do more teaching or other sideline jobs to supplement their meager income. A returning PhD can earn a starting salary as a university lecturer at about 7,000 baht, less than most holders of Bachelor's degrees earn in the private sector. If there is no research funding to support him, can we expect him to survive by eating an ideal? I think not.

Support from a university or outside agency is lacking or full of red tape. A budding young researcher finds it very hard to get approval to do R&D because the funds are so limited, and he has to compete with old established hands who can easily secure large sums.

I can talk from my own experience. As an instructor at a technology university in Bangkok, I had asked to undertake two R&D projects, one requiring 40,000 baht and another 24,000 baht. The 24,000-baht project was approved but I was told to ask for help from the Ministry of Science, Technology and Environment on the 40,000-baht project, which would involve filing a stack of forms. One can guess that I decided not to follow the university's advice.

This did not mean that the university did not have money. But it has other more important things to do, such as sending instructors on overseas study tours, which of course cost more than 40,000 baht each.

Even with these deficiencies, I admit that the Ministry of Science, Technology and Environment and some universities have done outstanding jobs in R&D.

Notable examples that I can think of include the work by NECTEC (National Electronic and Computer Technology Center), which has given support to several successful projects undertaken by both university and private sector researchers, including the PABX [expansion unknown] project, PC motherboard and the establishment of Thaisarn electronic network linking the

ministry with universities in Thailand and with the overseas Internet network, the largest in the world.

NECTEC also supports the establishment of FIBO (The Center of Operation for Field Robotics Development) at King Mongkut Institute of Technology in Thon Buri. The FIBO mission is to study, cultivate and conduct research and development in science and technology in Thailand. The center serves not only as a nucleus for advanced R&D and as an information archive, but also as a supporter and leader of engineering and technological development to bring about state-of-the-art innovations and to enhance state-of-the-practice production.

When fully functional, FIBO is expected to provide necessary know-how to industry in Thailand.

With its limited budget, Thailand can still do some useful R&D. But if Prime Minister Chuan Leekpai thinks that 450 million baht is enough to stem the increasing tide of technology imports, especially now that the country is going to adopt intellectual property protection, he is only dreaming.

Unless more support is given to Thai researchers, the country will have to import more and more foreign technology, not to the tune of 450 million baht but a hundred times greater than that.

#### **Law Professor Surakiat Criticizes Copyright Changes**

94SE0027A Bangkok BANGKOK POST in English  
6 Oct 93 p 4

[Text]The introduction of the Copyright Bill was done so hastily that even the country's leading International Law experts like Dr Surakiat Sathienthai had trouble getting hold of a copy of the draft to study before the Bill was debated two days later in Parliament.

[passage omitted]So, the US is sitting there with a hammer all set to hit Thailand on the head. But there's another reason additionally which people talk about which is hardly difficult to comprehend. The Prime Minister was leaving on a U.S. trip and he wanted to take the news that the Bill had already passed its first reading as a "gift" to the U.S..

So a few days after the Bill's first reading, Mr Chuan left on what's meant to be his first visit to the U.S. in his capacity as prime minister. It's a gift-for-a-gift sort of reciprocity. Although the visit is not by invitation of the U.S. Government, the gift from the U.S. side is that Mr Chuan would have a meeting with Mr Clinton in any case.

[passage omitted]Apart from "pleasing the U.S.," as one fast-rising bureaucrat put it, what are the other benefits to be derived from the Copyright Bill?

According to Dr Surakiat, the Bill will create "considerable damage" to the country as spelled out in several Articles

relating especially to three key points—"derivative programming," "performers" right protection and "burden of proof."

Dr Surakiat, who was one of the main advisers to former prime minister General Chatichai, has been trying to push for computer software protection to come under a separate law. "Why not, in America they have what's known as Stand Alone Law, don't they?" he asks. Dr Surakiat strongly questions if the Copyright Bill has in fact undergone a thorough review. The way the Bill stands now, there're plenty of loopholes and flaws and these will damage Thailand's infant computer software industry.

Explains the Harvard-educated lawyer: "But the software industry is not as important as the factor which will block science and technology development. Because from now on the development of computer software data systems cannot take place since whenever such development takes place it would be regarded (by the Bill) as adaptation. Once it's an adaptation it's a violation of the law."

"Therefore, in the end Thailand will end up being a buyer of technology only. To try and develop our own and sell it to less-developed countries would be impossible. The implications in areas of economics and technology are rather immense, especially where it concerns the destruction of human resources."

Some observers of the Bill wonder if the Bill is in fact black and white in its dealing with the copyright issue as Dr Surakiat has pointed out. Because if such is the case, why is it that all those computer software guys did not protest against it?

Says Surakiat, "Yes, it's pretty much black and white. Why no protest? Because those guys have little power and besides three of those sitting on the drafting committee of the Bill are representatives of software companies. To protest would make them come out as being against international standards."

And what about the 'international standards of GATT' which Thailand was asked to adopt as one of the ten items stipulated in a letter by USTR Chief Mickey Kantor? Whilst the Government talks about 'international standards,' the point to consider is that at the moment there are no 'international standards of GATT' because the talks on GATT in the Uruguay Round have not ended.

"The picture that comes out now is reversed. We're changing our law to comply with international standards despite the fact that talks on GATT are still going on. What if they haven't finished by the end of the year? Or next year? What if in the end the substance of the talks are not like what's discussed today? The fact that we are changing our law in advance, does that mean we're complying with the international standards?"

"The problem with this Bill is there's not been detailed examination from those involved, i.e. members of Parliament and others. It has been done in a hurry to satisfy the U.S. That's why it's not at all surprising that the U.S. took us off the PFC (Priority Foreign Country) list. They asked for 100 percent and we gave them 99 percent. If they didn't take us off the hook, that would have been surprising."

Bringing up different Articles in the Bill for scrutiny, Dr. Surakiat points out for example why protection of rights in the computer software industry is a "different story" from technology transfer; the ambiguous implications of so many definitions of many words and phrases; the acceptance of "neighboring rights" existing in the 1961 Rome Convention of which Thailand is not yet a member; and the "burden of proof" related to performers' rights (Article 62).

Taking into account those loopholes and flaws, Dr. Surakiat believes that the "structure of the Copyright Bill is not suitable for the protection of computer software." Says he, "I agree there should be protection of rights in computer software, but it should not be protection as in the existing copyright system."

Which makes one wonder. How could those responsible for drafting the Bill defend their rationale that once computer rights are protected, technology transfer will take place?

Explains Surakiat, "The copyright system is a confidential system and therefore requires no registration which is different from the patent system. This is why the Thai Government will not be able to force them to reveal basic information. If basic information cannot be revealed, technology transfer doesn't take place. That's why whoever copies and imitates can be sued. This is not happening only in Thailand; it's how the entire system works. Hence, you can see it's a pure marketing measure they're talking about."

On another key point like "derivative programming," this is not "adaptation" or "imitation" as written in the Bill. By using the word "adaptation" this would allow development work in Thailand which needs support to be sued on the grounds of violation of copyright despite the fact that the level of development in this country is at its present stage.

In conclusion, Dr Surakiat says that the drafting of any law must correspond to the development level of the country. Sure, there're so-called "international frameworks" within which a country must operate. But even with that, the details can be negotiated. "The U.S. never prohibited derivative programming, but it used to want Thailand not to protect computer software under a separate law," he states.

[passage omitted]

## ECONOMIC

### Official's Opinions on Trade Unions Noted

942E0003A Hanoi LAO DONG in Vietnamese  
16 Sep 93 pp 1, 2

[Excerpts of Speech by Vu Oanh, a member of the Political Bureau of the CPV Central Committee: "The Trade Unions and the State Are in Complete Agreement About Goals"]

[Text] Editor's Note: As LAO DONG announced, comrade Vu Oanh, a member of the Political Bureau of the CPV Central Committee, attended and addressed the 10th conference of the executive committee of the Vietnam Confederation of Trade Unions, which was held in Hanoi from 6 to 9 September. We have excerpted some of his important opinions:

#### Building the Working Class Must Be Tied in With Developing Production

In the implementation of the party's renovation line and the transformation of the management mechanism of our country's economy, the working class is encountering many difficulties with regard to living conditions and jobs (as we all know, more than half a million people have lost their jobs), and incomes are not sufficient to live on. In the midst of those difficulties, the working class has understood, sympathized with, and supported the renovation task of the party and state, has accepted the difficulties and, along with the party and state, has contributed to overcoming them. That is the fine nature of our country's working class, which for more than half a century has followed the party in carrying out the revolution, has been loyal to the party's undertaking, and believes in the party's leadership. In every period of the revolution and in the face of all difficulties and challenges, Vietnam's working class has maintained and developed its patriotic and revolutionary traditions, has been the pillar of the revolution, and has had confidence in, and been a solid source of support for our social system.

However, when faced with the requirements of renovation our country's working class has also revealed weaknesses and deficiencies. We must view the situation properly, and cannot consider only a few negative aspects when evaluating it. Having a comprehensive view in order to determine the position, role, and responsibility of the working class in the present situation is extremely important.

In order to lead our country out of its economic-social crisis and advance to having a rich population and a strong country, we must industrialize the nation. The future of the interests of the working class is bound together with the future of industrial development, especially the industrialization of agriculture, as affirmed by the Resolution of the Fifth Plenum of the Party Central Committee.

In its new viewpoint toward the working class, the Political Bureau still confirmed that it is the leading class. If that is to be the case, it is necessary to build strong working class ranks that have a high degree of political consciousness, are skilled vocationally, and lead cultured lives.

Building the working class must be tied in with developing production. If production stagnates, there will be nothing with which to build the working class.

First of all, it is necessary to improve political skill and be steadfast in the face of difficulties. Furthermore, raising the level of the working class must be accompanied by renovating equipment and technology. If we persist in retaining outmoded equipment there will be no conditions for encouraging the working class to improve their knowledge and vocational skills.

Today there are conditions for raising the workers' level. The trade unions must draft the goals, directions, policies, and regulations, and raise the workers' level in developing industry, especially the new, modern, key sectors, and renovate a large amount of outmoded equipment. With regard to the business of foreign countries and the joint ventures, the trade unions must establish the requirements for technology transfers and improving the workers' knowledge and vocational skills.

#### Some Specific Tasks of the Trade Unions

For their part, the trade unions must study the contents and forms of political-ideological education of the workers under the present conditions, in which attention must be paid to overcoming the moral degeneracy among workers: Pretending to work, producing shoddy goods, fraud, harming one another, and leading decadent lives.

It must take the initiative in working with the Government, the sectors, and the companies and enterprises, even those not operated by the state, with regard to the direction of economic-social development, the direction of production and commerce, and the management mechanism, so that the companies and enterprises can maintain and develop production. For their part the trade unions must enter deeply into education and contribute to teaching a sense of responsibility, improve knowledge and vocational skills, ensure product quality, and endeavor to lower production costs in order to be able to compete on the market.

We must implement widely, and with good quality, the signing of contracts between the trade unions and the heads of enterprises and specialized departments. The goals and responsibilities of each side must be clarified and tied in with the legal responsibilities and economic benefits, provided that each side—including the trade unions—carries out the contracts properly and brings about effectiveness in production and business. The working class is the class that leads the revolution. In the state enterprises the workers must bring the advantages

into play so that the interests of the workers, the enterprise, and the state are unified. In private enterprises, there is a contradiction between the interests of the workers and those of the enterprise owners. The working class accepts the fact that the party's line is to develop the economic components. The working class encourages the enterprises to develop in accordance with the lines and policies of the party and the laws of the state, and protects its legitimate interests, as stipulated by laws and the contracts that have been signed. In appealing to and encouraging foreign nations to enter into joint ventures with our country in order to further economic development, we must pay attention to defending the legitimate interests of the working class, in accordance with contracts that have been signed.

The trade unions must bring their influence into play in the spheres of education, public health, and culture, in order to improve quality, make social life wholesome, and protect the morale, health, and culture of workers, laborers, and their families.

Salaries and living standards depend on the effectiveness of production and business, on whether or not goods can compete in international markets. That is also a responsibility of workers.

The trade unions must have specific means to exercise and protect the mastership rights of the workers and laborers at the local level.

In the state enterprises, the trade unions must take the initiative in working with specialists to implement broadly the mechanism of contracting production, capital, salaries, materials, machinery, equipment, and factories to collectives and individual workers. Ways must be found to ensure that each product, each kilogram of raw materials, and each square meter of surface area of a corporation or enterprise has a specific boss, who has both legal and economic rights and responsibilities, and the workers' benefits must be tied in with labor productivity and efficiency.

Setting up and developing stock companies is a positive means. The trade unions must carry out studies and recommend appropriate models for the economic sectors. Furthermore, the trade unions must create capital so that the workers and laborers can purchase shares. The trade unions must also serve as loan guarantors so that workers and laborers can borrow capital from banks at suitable interest rates. We should become the owners of enterprises and issue stock. That is a very difficult, complicated task that must be carried out very meticulously in order to defend the interests of the working class. The Political Bureau persists in advocating that workers should own shares. Many installations have taken the initiative of allowing workers to borrow capital so that they can contribute shares to building new factory departments and provide jobs for redundant workers.

The quality of workers' and managers' conferences at the organs and installations must be improved. Studies should be made in order to reach agreement about

matters about which there are still differing opinions, in order to recommend that the National Assembly promptly promulgate a Labor Law and regulations on the responsibilities and rights of labor collectives at the enterprises.

**What Should be the Relationship Between the Trade Unions and the State?**

I think that our trade unions have great respect for the opinions of the state, and always support the state in fulfilling its political responsibility. The trade unions and the state fully agree about the goals, so in the period in which there are differing opinions regarding the relationship, it is necessary to create all conditions for meeting to discuss matters with a spirit of good will.

In reality, recently the trade union echelons have in some respects worked with the state in an active and positive manner, but the results are not yet significant. We must think about that in order to gain experience. It is necessary to improve the quality of the task of soliciting opinions from many trade union members, concentrate on the great intelligence of the trade unions, and form common opinions of the trade union organization to express to the state.

With regard to the struggle against corruption, the trade unions must do a good job of the tasks stated in the report. I recommend that the trade unions have a role and responsibility in fighting corruption. The National Assembly must approve a resolution assigning that task to the trade union organization, so that the trade unions can do that work on a legal basis. Corruption usually exists in the state organs and the older cadres and the people are extremely worried about that evil. If the trade unions can carry out that task they will achieve great merit.

#### **State Bank Governor Details Plans for Using Restored Loans**

942E0004 Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 21 Sep 93 pp 1, 3

[Interview with Cao Si Kiem, governor of Vietnam State Bank, by Le Tien Tuyen, SAIGON GIAI PHONG reporter; place and date not given: "Seizing the Opportunities Well, Renovating the Financial System To Step up Economic Development"]

[Text] [Tuyen] The mass media in our country and abroad have recently mentioned the fact that the international financial organizations would resume their relations with Vietnam and let us borrow a large amount of money in the near future. What is the real situation regarding this issue, and to what extent have been the preparations and agreement we made with them?

[Kiem] Following a statement made by U.S. President Bill Clinton on 2 July to the effect that the United States would not oppose the resumption of international financial organizations' lending relations with Vietnam, in



August a joint delegation of the International Monetary Fund (IMF) and the World Bank (WB) came to Vietnam. The main purpose of its trip was to join with the Vietnamese side in drafting a short-term 12 to 18-month economic program to include major economic policies, measures, and goals, such as inflation, economic growth, budget, money, and balance of payments, and to serve as a basis for persuading countries to join a support group that would mobilize capital to assist Vietnam in paying off its overdue debts to IMF, and to move toward normalizing financial relations between Vietnam and the IMF, WB, Asian Development Bank (ADB), and the international financial community.

All of the above-mentioned steps were preparations by both sides for resuming normal lending relations and for moving smoothly in the direction that has been set. There might be many troubles ahead, but we have had a lesson of experience: We should be self-reliant and depend on our own energy as the main factor in building our country and developing our economy.

[Tuyen] The fact that we are normalizing relations with the international financial community and receiving loans from it is a good opportunity for us to accelerate our country's economic development. However, there usually are conditions attached to it, and if we do not have plans for using the borrowed capital effectively, we will create debts for our children and grandchildren....

[Kiem] In our efforts to resume relations with the international financial organizations, we have traveled a long way and in a steady manner, instead of just doing something new of late.

After Vietnam had adopted the policy of renovation, since 1988 IMF had been coming to Vietnam and along with us had been drafting programs to make economic adjustment and to combine major items: Vietnam's overdue debts were set aside and each year we paid interest at the due date; programs of economic adjustment were drafted on the basis of moving toward market mechanism, fighting inflation, and so on. The international financial organizations have assisted us in three areas: Providing us with computer science and computer technology, training cadres, and preparing investment projects to allow their immediate execution under favorable conditions. We and they have now completed these preparations, and our government has reviewed and approved a number of projects for investment, such as the ones that involve the transformation and building of National Route 1, the Red River delta, and the water conservancy network in the central part of the country; the building of a water supply system in Ho Chi Minh City; the drafting of middle school and college education and training programs, and so on. They have sent 100 teams of specialists to assist us, and we have sent our own specialists abroad to study with the assistance of these organizations. In the beginning the foreign specialists made recommendations for many reforms based on their views and occupations. But in the course of

working together, we have created a better mutual understanding between the two sides. They have understood the way we do things and our steps and have shown unanimity in regard to the norms and goals while drafting the projects.

As we learned from the actual experience of the countries that had been ahead of us, we have selected the investment projects that would prove to be necessary for our economy, feasible, and capable of retrieving the borrowed capital and have recommended them to the sectors that would select an area of investment. We can say that we have done work on the projects in a relatively strict manner and by the book. The projects were considered by a national council in charge of hearing economic and technical arguments before being submitted to the government for review and approval. I think that all of these activities will limit the risks and ineffectiveness of these projects when they are actually carried out.

[Tuyen] The prime minister has recently launched an economic strategy aimed at exploiting the strong potential of the country as a whole and of each region, in which he has identified three development triangles in Nam Bo, the Central Part, and the North. How does your bank serve this common economic goal and this goal in the development triangles?

[Kiem] The total capital needed for our strategic goal of economic development between now and the year 2000 will be about US\$40-50 billion, to be spent mainly for projects to build communications, electric power, water supply, key economic zones, and so on. Of the total need for capital, the banking sector can satisfy 50 percent, and the other 50 percent will come from other sources. The bank is preparing to develop many forms of mobilizing medium- and long-term capital, to issue stocks and share certificates, to put a stock exchange center into operation, and so on, in order to raise next year's investment level to a new height and a greater degree of concentration based on the economic goals that we have set.

As for serving the three key economic triangles, the bank has drafted a plan consisting of these major points: Combining, analyzing, and recommending the ways to handle the work, particularly capital and cash for the localities. On the basis of the common plan, particularly the share of capital devoted to major construction, the banking sector along with the State Planning Commission are reviewing this year's plan to ensure that these regions are provided with enough capital for their projects. The bank is working directly with the localities and enterprises in regard to have an in-depth use of capital for the projects. We are proceeding with planning anew the banking system, the system of computers and information in these central locations. We will administer the new banking operations in these regions first. We will rearrange the banking organization model in these clusters, highlight the role of the State Bank and commercial banks; set up shareholders' banks, financial corporations, and branches of foreign banks in these regions, and so on. From these model locations, the bank



will multiply its activities in order to integrate itself into the international investment and payment practices.

[Tuyen] From what you have just mentioned I can visualize a very heavy and complicated role and responsibility of your bank in the time to come. What is the course of action your bank is taking in regard to continuing the renovation in order to fulfill its task of being the "lever" of the economy?

[Kiem] As initial results of renovating the bank's activities, we have contributed to the goal of controlling inflation, stabilizing the value of our currency, and developing the economy, but four problems remain to be resolved: a shortage of capital—mostly medium- and long-term capital—for use in the economy; a shortage of cash for payments, making it necessary to ask for extension of payment time and to delay payments; excessive use of cash to make payments resulting from the still-uncommon use of bank services including payments through banks; and poor capabilities of cadres, mostly in regard to professional, foreign-language, and behavioral abilities, failing to keep up with the many aspects of the

country's development and the efforts to integrate it into the international community.

In order to continue to renovate the bank's activities, we have proposed three major programs and solutions: To resolve the issue of getting capital by organizing a capital-financial market within the country, to promote an expansion of capital mobilization and a better use of foreign capital, such as capital coming from financial assistance, aid, and commercial loans; to renovate the banking industry in order to increase the efficiency and role of the State Bank and commercial banks and to quickly install information-exchange equipment in all economic installations and clusters in order to shorten the time of payment and to accelerate the capital-retrieving cycle; and to train cadres on the basis of systematically reviewing all achievements in the recent renovating process, to selectively apply the experiences of foreign countries to our country, to train and to screen our cadres once more—including the leading and professional cadres—in order to make appropriate adjustments.

[Tuyen] Thank you, Governor Kiem, for sparing some of your time to allow our newspaper to have this contact with you.

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